

VZCZCXRO4548
RR RUEHAST RUEHHM RUEHLN RUEHMA RUEHPB RUEHPOD RUEHTM
DE RUEHBR #1462/01 3111201
ZNR UUUUU ZZH
R 061201Z NOV 08
FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC 2814
INFO RUEHSA/AMCONSUL SAO PAULO 3014
RUEHRI/AMCONSUL RIO DE JANEIRO 6829
RUEHRG/AMCONSUL RECIFE 8656
RUEHRC/DEPT OF AGRICULTURE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE

UNCLAS SECTION 01 OF 04 BRASILIA 001462

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SUBJECT: BRAZIL'S NATIONAL CLIMATE CHANGE PLAN - NON-BINDING,
NON-AMBITIOUS COMPENDIUM OF PROGRAMS

REF: (A) BRASILIA 1559, (B) BRASILIA 750

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11. (U) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED AND NOT FOR
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12. (SBU) SUMMARY. The Government of Brazil (GOB) has released its
draft National Plan for Climate Change, which it intends to submit
at the Poznan UN Framework Convention on Climate Change (UNFCCC)
conference in December. The Plan emphasizes that Brazil and other
developing countries have no obligations under the UNFCCC to take on
quantitative greenhouse gas (GHG) emissions reduction targets. In
fact, the Plan asserts that the UNFCCC envisions developing
countries' share of emissions increasing as their economies grow.
The draft Plan in large part is a compendium of ongoing or already
announced programs and activities that have some impact on
emissions. The Plan notes that 75% of Brazil's GHG emissions came
from land use change, namely, deforestation. It calls for a
sustained reduction in the deforestation rate with the aim of having
zero "illegal" deforestation. Further, the GOB intends to eliminate
the net loss of the area of forest coverage in Brazil by 2015
through reforestation and tree plantations. Other measures include
building more hydroelectric power plants, increasing use of
renewable energy, and improving energy efficiency.

13. (SBU) COMMENT. There is a definite split between Environment
Minister Carlos Minc, who told the press that he would like the GOB
to change the position reflected in the Plan and take on a
quantitative GHG emissions reduction target (he suggests 10% to 20%
by 2020), and the Ministry of External Relations (MRE), which
insists that there will be no changes, no agreeing to targets. The
MRE holds the reins on setting the GOB's negotiating policy at the
UNFCCC and so it is unlikely that the GOB will shift its position
prior to Poznan. Still, Minister Minc is a powerful force with
friends in the President's Office. In the mid- to long-term it is
conceivable that he could succeed in causing a change in the GOB's
position on this key point. END COMMENT AND SUMMARY.

14. (SBU) On October 31, the period for public comment on the draft
154-page National Plan for Climate Change (the "Plan") expired. The
Government of Brazil (GOB) had unveiled the draft Plan on September
30, with the aim "to incentivize the development of actions by
Brazil that are collaborative with world effort to combat the
problem [of climate change] and to create internal conditions to
deal with its consequences." The Plan was developed over the last
12 months by the Interministerial Committee on Climate Change,
consisting of 16 federal ministries and agencies, the President's

Office and the Brazilian Forum on Climate Change. That forum includes representatives of the national and state government, business, civil society, non-governmental organizations (NGOs), and academia. The GOB intends to release the Plan at the Poznan Climate Change Conference in December 2008. (A synopsis of the Plan has been provided to OES/EGC.)

15. (SBU) COMMENT. The public comments to the draft Plan are unlikely to produce any significant changes. The GOB had been consulting with stakeholders throughout the year-long preparation process, and so already took into account differing views. The comments ranged from the technical (calling for greater monitoring of deforestation), to the inapposite (expressing concern over use of plastic bags), to the skeptical (questioning the link between human activities and global warming). END COMMENT.

NO QUANTITATIVE GOALS ON GHG EMISSIONS REDUCTION

16. (SBU) The Plan repeatedly stresses that Brazil and other non-Annex I countries (i.e., developing countries) to the UN Framework Convention on Climate Change (UNFCCC) have no obligation to accept quantitative commitments to reduce greenhouse gas (GHG) emissions. The developed countries listed in Annex I to the UNFCCC do have such a requirement since, as the Plan explains, they are responsible for the historic emissions that have led to such a high level of GHG in the atmosphere.

17. (SBU) The developing countries have "common, but differentiated, responsibilities" under the UNFCCC; whereas the Annex I countries are required to provide financial assistance and technology transfer to help them take steps to mitigate GHG emissions and to adapt to climate change. The Plan stresses that the UNFCCC recognizes that the share of GHG emission by developing countries will grow as their economies expand to meet social and economic needs. Developing

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countries have limited obligations under the UNFCCC: to complete national inventories of GHG emissions; formulate national programs on mitigation and adaptation; and promote sustainable management of carbon sinks and carbon reserves.

18. (SBU) NOTE. Environment Minister Carlos Minc on October 22 suggested that the GOB change its position, which is embedded in the Plan, to oppose developing countries accepting binding quantitative obligations to reduce GHG emissions. Minc called for Brazil to accept a GHG emissions reduction target of 10% to 20% by 2020. The Ministry of External Relations (MRE), which has the lead on international climate change negotiations for Brazil, emphatically rejected the suggestion that it would change its position against accepting mandatory GHG emissions obligations. MRE's Special Ambassador for Climate Change Sergio Barbosa Serra underscored this point with Science Counselor. He also suggested that Minister Minc might have been "misquoted" in the press. Further, senior negotiator Thelma Krug, formerly of the Environment Ministry and now Director of International Relations at the National Institute for Space Research (INPE), added that Minc likes to talk with the press without consulting with other agencies. END NOTE.

OVERALL GOALS AND SECTORAL MEASURES

19. (SBU) The overall objective of the Plan is "to identify, plan and coordinate the actions and measures that can be undertaken to mitigate [GHG] generated in Brazil, as well as those necessary for the adaption of society to the impacts that derive from [GHG]." In that vein, the GOB intends to pursue the following six principles:

(A) To promote increased efficiency in the productive sectors constantly looking for better practices;

(B) To seek to maintain a high-level of renewable energy in the electric matrix, preserving Brazil's outstanding image that it has occupied in the international scene;

(C) To promote the sustainable increase of the use of biofuels in the national transport matrix and work to structure a sustainable biofuels international market;

(D) To look for a sustained reduction in the deforestation rate, in its average four-year rate, in all the biomes in Brazil, until they reach zero illegal deforestation;

(E) To eliminate the net loss of the area of forest coverage in Brazil by 2015 through reforestation and tree plantations; and

(F) To seek to identify the environmental impacts resulting from climate change and to promote the development of scientific research in order to be able to outline a strategy that minimizes the socio-economic costs of adaptation for Brazil.

¶10. (SBU) The GOB has long focused almost exclusively on mitigation of GHG emissions. In the draft Plan, the GOB seeks technologies that will reduce GHG emissions per unit of production or that increase carbon sinks. The Plan calls for the following technologies and practices in the sectors indicated below:

- Forest Sector - Reduce the rate of deforestation, stimulate the sustainable management of forests, reforest degraded lands, and use forest products obtained in sustainable manner to generate energy.
- Energy Sector - Improve efficiency of supply and distribution of energy, replace carbon intensive energy generation with less intensive or with renewable means, and capture and storage of carbon.
- Transport Sector - Develop and use more efficient vehicles, use more railways and mass transportation, and improve land planning and transportation planning.
- Building Sector - Use more efficient equipment, use solar energy, and utilize integrated planning to increase efficiency.
- Industrial Sector - Employ more efficient machinery and equipment, use more recycling, improve control of GHG emissions, and promote capture and storage of GHG.
- Agriculture Sector - Seek to increase the storage of carbon in the

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soil, recover degraded areas, promote more intensive cattle production (reducing the need for pasture land per head), and improve crops and fertilizers to reduce CH₄ (methane) and N₂O emissions.

- Waste Sector- Capture methane from landfills, and promote recycling.

DEFORESTATION

¶11. (SBU) The draft Plan notes that the national inventory of GHG emissions for 1994 (the only one ever done) estimated that 75% of Brazil's GHG emissions were due to changes in use of land and forests, i.e., deforestation. The Plan calls for eliminating "illegal" deforestation and by 2015 preventing further net loss of the area of forest coverage through reforestation and tree plantations. The Plan relies in large part on the Plan of Action to Prevent and Control Deforestation in the Amazon (PPCDAM) and Amazon Sustainable Plan (REFTEL B). The PPCDAM emphasizes land title registry, improving monitoring and control, and promoting sustainable development in the Amazon region.

¶12. (SBU) Other forest measures include promoting the use of tree plantations (mainly eucalyptus and pine) and reforestation on degraded and abandoned lands. The Plan envisions using the tree plantations to produce a sufficiently large volume of charcoal on a sustainable basis, that the large pig iron industry can substitute it for coal. This would reduce GHG emissions. The GOB plans to complete a national forest inventory by 2013, which should indicate the composition of the forests and the volume of carbon contained there. Further, the GOB intends to put up to four million hectares of land (or 2% of public forests) in long term concessions for sustainable use. Also, the GOB supported extending to July 2009 a moratorium on cultivating soybean on deforested areas of the Amazon.

Similarly, the GOB in July 2008 concluded an agreement with the wood industry in the critical states of Para and Sao Paulo to promote the use of certified wood.

BIOFUELS AND ENERGY

¶13. (SBU) Brazil has one of the cleanest energy matrices in the world, with 46% coming from renewable sources compared with the world average of 12% and the OECD average of 6%. In 2007, nearly 90% of Brazil's electricity came from hydroelectric power plants or biomass. In 2008, ethanol surpassed gasoline as the dominant fuel type for automobiles. The Plan refers to the 2007-2016 Plan for Energy Expansion, which calls for adding 34,460MW of capacity in new hydroelectric plants. Also, the GOB expects to promote energy from wind and solar sources and even increase nuclear energy capacity by 8,000MW by 2030.

¶14. (SBU) The GOB had no new domestic policies for promoting use of ethanol. Still, it envisions that production will increase from 25.6 billion liters in 2008 to 53.2 billion liters in 2017, and exports will double from 4.2 billion liters in 2008 to 8 billion liters in 2017. Biodiesel is anticipated to increase from 10.5 billion liters in 2008 to 14.3 billion liters in 2017, depending on demand. Since July 2008, the GOB has imposed a requirement to use a 3% biodiesel blend. This mandate will go up to 5% biodiesel in ¶2010. The GOB reiterated its intention to develop second generation biofuels, and it highlighted its cooperation with the United States in this research effort. (NOTE: Brazilian environmental NGOs have pointed out the inconsistency in setting fixed biodiesel blend targets, which can have an indirect consequence of encouraging clearing forests to grow biodiesel, while keeping off the table targets on deforestation rates. END NOTE.)

FUNDING

¶15. (SBU) The Plan highlighted three sources of funding for the activities embodied in the document. First, the Clean Development Mechanism (CDM) is already a well-developed tool for Brazil. As of August 2008, Brazil had 8% of all CDM projects worldwide, which account for about 6% of CO2 equivalent reductions under the CDM. Second, the National Amazon Fund (REFTEL A) provides a source of funding for conservation in the Amazon and promoting sustainable development in the region. Third, the GOB has submitted a proposal to Congress to create a National Climate Change Fund to promote mitigation efforts. That fund would receive a share of the revenues the GOB obtains from its oil production. NOTE: It is too early to

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say if, when, and in what form this proposed fund will be approved by the Brazilian Congress. The matter could take years to come out of Congress. END NOTE.

NEXT STEPS

¶16. (SBU) Environment Ministry's Secretariat for Climate Change, Director Sergia Oliveira, told Science Counselor that the GOB plans to rollout the Plan at the Poznan UNFCCC conference in December ¶2008. She explained that the GOB intends in the future to do an analysis of the costs and GHG reduction benefits associated with the plan if fully implemented. Further, the GOB is working on a second national inventory of GHG emissions to cover the period 1990 to 2000, with estimates for the period 2001-2005.

COMMENT

¶17. (SBU) The Plan is an exhaustive compendium of the various programs and activities that the GOB has in place or is considering that could affect GHG emissions. It is disappointing that there is little new coming out of the Plan, other than possibly the goal to stabilize forest coverage at 2015 levels. Nonetheless, there may be signs of interest in a more ambitious approach as reflected in Environment Minister Minc's call for taking on a quantitative GHG emissions reduction target. While the Ministry of External Relations has played the dominant role in climate change negotiations, Minc is a welcome domestic voice for reconsidering that stance. END COMMENT.

